

Message Text

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ACTION XMB-04

INFO OCT-01 EUR-12 ISO-00 AID-05 CIAE-00 COME-00 EB-07

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CIEP-01 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-01

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FM AMEMBASSY BELGRADE

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PASS EXIM BANK

E.O. 11652: N/A

TAGS: OVIP, (CASEY, WILLIAM J.), YO

SUBJECT: VISIT OF EXIM BANK CHAIRMAN CASEY TO YUGOSLAVIA

REF: BELGRADE 066

1. SUMMARY: EXIM BANK CHAIRMAN WILLIAM J. CASEY VISITED BELGRADE JANUARY 10-12. A FULL PROGRAM OF MEETINGS WITH GOVERNMENT OFFICIALS, BANKERS, AND EXIM CREDIT-USERS WAS ARRANGED INCLUDING CALLS ON PREMIER BIJEDIC AND FINANCE SECRETARY CEMOVIC. YUGOSLAVS OUTLINED FOR MR. CASEY THEIR INVESTMENT PLANS AND PRIORITIES, AND ANSWERED QUESTIONS ON EXTERNAL DEBT POSITION AND BORROWINGS. MR. CASEY SUMMARIZED NEW EXIM BANK LEGISLATION AND DISCUSSED ITS APPLICATION TO YUGOSLAVIA. QUESTION OF NATIONAL BANK "SUPER-GUARANTEE" RAISED BY CEMOVIC WITH MR. CASEY RESPONDING BY POINTING TO FACT THAT EXISTENCE OF SUPERGUARANTEE GREATLY FACILITATED EXIM'S WORK IN YUGOSLAVIA. PRESS COVERAGE OF VISIT, WHICH EXTENSIVE AND FAVORABLE, COVERED IN SEPTTEL.

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END SUMMARY.

2. GOY RECEPTION OF CHAIRMAN CASEY WAS EXTREMELY WARM AND FRIENDLY. CASEY MET AT AIRPORT BY FINANCE SECRETARY CEMOVIC, WHO LATER HOSTED DINNER FOR CASEY AND ATTENDED LUNCHEON GIVEN IN CASEY'S HONOR BY YUGOSLAV ASSOCIATION OF BANKERS. CEMOVIC'S PRINCIPAL DEPUTY, BOZIDAR RADUNOVIC, ACCOMPANIED CASEY ON ALL HIS CALLS AND SAW HIM OFF AT AIRPORT -- CEMOVIC HAVING DEPARTED FOR WASHINGTON IMF MEETINGS. THROUGHOUT VISIT RED CARPET TREATMENT NOTICEABLE.

3. WORKING PART OF VISIT BEGAN ON JANUARY 10TH WITH CALL ON CEMOVIC. LATTER GAVE AN OVERVIEW OF YUGOSLAVIA'S RELATIONS WITH EXIM, WHICH HE DESCRIBED AS "EXTRAORDINARILY SUCCESSFUL" BOTH BECAUSE OF SIZE OF PROGRAM AND DIRECTION OF CAPITAL FLOW WHICH HAS ALLOWED YUGOSLAVS ACCESS TO U.S. TECHNOLOGY IN HIGH PRIORITY AREAS. GOY PLANS IN 1975 CALL FOR PRIORITY TO BE GIVEN TO INVESTMENTS IN FIELDS OF ENERGY, RAW MATERIALS PRODUCTION, AND FOOD PRODUCTION AND PROCESSING. MR. CASEY OBSERVED THAT AT A TIME WHEN CAPITAL BOTH COSTLY AND SCARCE, THESE PRIORITIES SEEMED TO BE SENSIBLE. CEMOVIC RAISED QUESTION OF "SUPERGUARANTEE" REQUIRED BY EXIM FROM YUGOSLAV NATIONAL BANK ON EXIM CREDITS. HE SAID EXIM UNIQUE IN INSISTING ON THIS, WHICH CREATED DIFFICULTIES FOR YUGOSLAVIA SINCE OTHER TRADE PARTNERS HAVE NOW COME TO REQUEST SIMILAR TREATMENT. HE SUGGESTED POSSIBILITY OF AGREEMENT BETWEEN EXIM AND FINANCE MINISTRY, SUPPLEMENTED BY INDIVIDUAL GUARANTEES FROM YUGOSLAV COMMERCIAL BANKS. CASEY POINTED OUT THAT AVAILABILITY OF NATIONAL BANK GUARANTEE ENORMOUSLY SIMPLIFIED EXIM'S ACTIVITIES HERE. IT OBIATED NEED FOR DETAILED INFORMATION ABOUT FINANCIAL STRENGTH OF INDIVIDUAL YUGOSLAV BANKS WHICH WOULD OTHERWISE BE NECESSARY AND WHICH NOT PRESENTLY AVAILABLE. HE WOULD BE GLAD TO HAVE HIS PEOPLE LOOK INTO QUESTION. CEMOVIC AGREED PUT HIS THOUGHTS INTO WRITING. CASEY THEN OUTLINED NEW EXIM LEGISLATION AND EXPRESSED BELIEF THAT NEW LEGISLATION WOULD NOT HAVE SIGNIFICANT IMPACT ON EXIM'S OPERATIONS IN YUGOSLAVIA. HE STRESSED, HOWEVER, OVERALL LIMITATION ON AVAILABILITY OF EXIM'S RESOURCES AND HEAVY CALL ON THEM. WITH IMAGINATION, HOWEVER, PROBLEMS THIS CREATED COULD BE OVERCOME.

4. IN JANUARY 10TH CALL ON PREMIER, BIJEDIC STRESSED YUGOSLAV SATISFACTION WITH EXISTING RELATIONS AND EXPRESSED HOPE THAT THESE COULD BE EXPANDED. HE DESCRIBED USES TO WHICH EXIM CREDITS HAVE BEEN LIMITED OFFICIAL USE

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PUT AND SAID THAT AS RESULT OF EXIM AND SIMILAR CREDITS, OVER 50 PERCENT OF YUGOSLAV INDUSTRY HAD BEEN MODERNIZED. BIJEDIC OUTLINED PRIORITY AREAS FOR YUGOSLAV INVESTMENT, ADDING TOURISM TO CEMOVIC'S LIST AND FURTHER DETAILING YUGOSLAV PLANS FOR EXPANDING FOOD PRODUCTION. CASEY NOTED EXIM'S PLEASURE AT ROLE IT HAD BEEN ABLE TO PLAY IN YUGOSLAVIA AND EXPRESSED HOPE THAT NEW YUGOSLAV-U.S. CHAMBERS WOULD ASSIST IN EXPANDING TRADE AND IN INCREASING NUMBER OF JOINT VENTURES. BIJEDIC AGREED AND SINGLED OUT

ADVANTAGES OCCURRING TO YUGOSLAVIA FROM ACCESS TO ADVANCED U.S. TECHNOLOGY AS EXEMPLIFIED BY KRSKO NUCLEAR PLANT. CASEY EXPRESSED HIS PLEASURE AT CHOICE OF U.S. COMPANY FOR YUGOSLAVIA'S FIRST NUCLEAR POWER PLANT.

5. IN CROWDED JANUARY 11TH SCHEDULE, CASEY CALLED ON JOZE NOVINSEK, DIRECTOR, YUGOSLAV PLANNING INSTITUTE WHO OUTLINED YUGOSLAVIA'S MEDIUM AND LONG TERM DEVELOPMENT PLANS; BRANISLAV COLANOVIC, GOVERNOR OF THE NATIONAL BANK OF YUGOSLAVIA, WHO PROVIDED DATA ON YUGOSLAVIA'S EXTERNAL FINANCIAL POSITION; LAZAR MOJSOV, DEPUTY SECRETARY FOR FOREIGN AFFAIRS, WHO LECTURED ON YUGOSLAVS' POLICY OF NON-ALIGNMENT, AND D. CKREBIC, PREMIER OF THE REPUBLIC OF SERBIA WHO DISCUSSED SERBIA'S UTILIZATION OF EXIM CREDITS AND FUTURE EXPANSION PLANS FOR WHICH EXIM CRDITS WOULD BE SOUGHT. CHAIRMAN OF ASSOCIATION OF YUGOSLAV BANKERS RADOVAN MAKIC HOSTED LUNCHEON FOR CASEY AFTER ROUND-TABLE DISCUSSION WITH SENIOR REPRESENTATIVES OF ALL MAJOR YUGOSLAV BANKS. HIGHLIGHT OF THIS MEETING WAS LISTING BY EACH OF BANKS PRESENT OF THEIR EXPECTED FUTURE CALLS FOR EXIM FINANCING. AT CASEY'S REQUEST, ASSOCIATION AGREED TO PROVIDE DETAILS ON EACH OF THE PROJECTS TO EMBASSY. DAY'S BUSINESS APPOINTMENTS ENDED WITH MEETING WITH JAT AND OTHER YUGOSLAV AIRLINES WHO HAVE BEEN MAJOR USERS OF EXIM CREDITS.

6. AMBASSADOR TOON HOSTED EVENING WORKING RECEPTION WHICH ALLOWED FURTHER OPPORTUNITY FOR INDIVIDUAL DISCUSSIONS BETWEEN CASEY AND YUGOSLAVS.

7. PRESS AND TV COVERAGE OF VISIT EXTENSIVE AND FAVORABLE. SEPTTEL BEING SENT ON THIS ASPECT OF VISIT.

8. EMBASSY PREPARING UNCLEARED MEMCONS ON EACH OF CALLS. TOON

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